

Board of Education Agenda Item

Item: _____ A. _____

Date: January 10, 2007

Topic: Final Review of Financial Report on Literary Fund

Presenter: Mr. Kent C. Dickey, Budget Director

Telephone Number: (804) 225-2025 E-Mail Address: Kent.Dickey@doe.virginia.gov

Origin:

Topic presented for information only (no board action required)

Board review required by

State or federal law or regulation

Board of Education regulation

Other: _____

Action requested at this meeting Action requested at future meeting: _____ (date)

Previous Review/Action:

No previous board review/action

Previous review/action

date _____

action _____

Background Information:

In accordance with the provisions of the *Code of Virginia*, Chapter 10, Section 22.1-142, the Board of Education is responsible for the management of the Literary Fund. This report reflects the status of the Literary Fund and the status of the Reserve Fund, which is in the custody of the Virginia Public School Authority (VPSA). The report also reflects the total principal of the fund, as well as cash, investments, and all short-/long-term loans in both funds.

Summary of Major Elements

Attachment A reflects the financial position of the Literary Fund as of September 30, 2006. The information presented in this report reflects the commitments against the Literary Fund as of September 30, 2006.

Attachment B reflects the currently active projects as of December 31, 2006.

Attachment C represents the projects that have closed and for which full payment from the Literary Fund has been made since the last Board meeting.

Superintendent's Recommendation:

The Superintendent of Public Instruction recommends approval of the financial report (including all statements) on the status of the Literary Fund as of September 30, 2006.

Impact on Resources:

As funds become available in the Literary Fund, recommendations will be made to the Board for funding priority projects and those projects at the top of the First Priority Waiting List, with cash reduced as loan requests are processed.

Timetable for Further Review/Action:

The Department staff will prepare a quarterly financial report on this fund for Board approval. Information also will be presented each quarter, as part of another agenda item, regarding those projects on the two waiting lists.

BOARD OF EDUCATION
STATEMENT OF THE FINANCIAL POSITION OF THE LITERARY FUND
(as of September 2006)

Line Reference		<u>September 30, 2006</u>	<u>August 31, 2006</u>	<u>Increase/(Decrease)</u>
	PRINCIPAL BALANCE			
1.	Cash and investments maintained by State Treasurer	147,616,907	137,244,957	10,371,950
2.	Loans received from local school boards (secured by promissory notes)	0	0	0
3.	Cash and investments in custody of Virginia Public School Authority (VPSA)	0	0	0
4.	Long-term loans in custody of Virginia Public School Authority (VPSA)	335,797,035	338,218,616	(2,421,581)
5.	Total Principal of Literary Fund	483,413,942	475,463,573	7,950,369
	CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE			
6.	Balance due on active projects (Attachment B)	1,135,015	1,201,840	(66,825)
7.	Debt service on VPSA equipment notes ¹	62,614,094	62,614,094	0
8.	Interest rate subsidy ²	15,000,000	15,000,000	0
9.	Trigon Reserve	5,657,429	5,657,429	0
10.	Transfer for Teacher Retirement ³	115,854,700	115,854,700	0
11.	Other Encumbrances held by Treasurer of Virginia	10,234	10,234	0
12.	Required Carry Forward Balance (Updated based on Chapter 2)	81,073,136	81,073,136	0
13.	Total of Literary Fund Commitments	281,344,609	281,411,433	(66,825)
	FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS			
14.	Cash and investments maintained by State Treasurer (Line 1)	147,616,907		
15.	Less commitments against Literary Fund Revenues (Line 13)	(281,344,609)		
16.	Balance Available to Fund New Projects Currently on Waiting List - (Additional Funds Needed to Meet Commitments)	(133,727,701)		

NOTES:

¹ Chapter 10 approved October 25, 2006, requires \$62,614,094.44 to be set aside for debt service on equipment notes.

² Chapter 10 approved October 25, 2006, requires \$15,000,000 to be set aside for an interest rate subsidy program.

³ Chapter 10 approved October 25, 2006, requires \$115,854,700 to be transferred from the Literary Fund to pay teacher retirement in fiscal year 2007.

ACTIVE PROJECTS AS OF DECEMBER 31, 2006

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Balance Due	Percent Drawn
Literary Loans							
<i>No Projects</i>							
Subsidy Grants							
11062	Chesapeake City	Butts Road Intermediate	2001 Subsidy	85,594	(77,881)	7,713	90.99%
11102	Washington County	Rhea Valley Elem	2001 Subsidy	168,673	(165,235)	3,438	97.96%
11111	Patrick County	Woolwine Elementary	2002 Subsidy	50,763	(44,263)	6,500	87.20%
11131	Stafford County	Stafford Elementary	2003 Subsidy	659,305	(659,178)	127	99.98%
11096	Washington County	Abingdon High	2003 Subsidy	34,943	-	34,943	0.00%
11098	Washington County	Holston High	2003 Subsidy	20,949	-	20,949	0.00%
11097	Washington County	John S. Battle High	2003 Subsidy	30,210	-	30,210	0.00%
11099	Washington County	Patrick Henry High	2003 Subsidy	30,181	-	30,181	0.00%
11100	Washington County	Valley Institute	2003 Subsidy	5,861	-	5,861	0.00%
11151	Nottoway County	Blackstone Primary	2004 Subsidy	54,632	(40,393)	14,239	73.94%
11150	Nottoway County	Crewe Primary	2004 Subsidy	191,790	(161,572)	30,218	84.24%
11181	Grayson County	Grayson Middle	2005 Subsidy	138,831	-	138,831	0.00%
11188	Roanoke City	Fallon Park Elementary	2005 Subsidy	113,701	(641)	113,060	0.56%
11190	Hanover County	Hanover Elementary	2005 Subsidy	152,269	-	152,269	0.00%
11208	Henry County	Mt. Olivet Elementary	2005 Subsidy	535,747	-	535,747	0.00%
11143	Franklin County	Windy Gap Elementary	2006 Subsidy	745,557	-	745,557	0.00%
11144	Mecklenburg County	South Hill Elementary	2006 Subsidy	745,557	(739,057)	6,500	99.13%
11195	Page County	Page County High	2006 Subsidy	1,331,227	-	1,331,227	0.00%
11196	Page County	Luray High	2006 Subsidy	1,324,727	-	1,324,727	0.00%
11187	Roanoke City	Patrick Henry High	2006 Subsidy	745,557	-	745,557	0.00%
11201	Portsmouth City	Park View Elementary	2006 Subsidy	1,331,227	-	1,331,227	0.00%
11186	Brunswick County	Brunswick High	2006 Subsidy	1,331,227	(1,324,727)	6,500	99.51%
11205	Wythe County	Max Meadows Elem	2006 Subsidy	410,529	(404,029)	6,500	98.42%
11210	Halifax County	Halifax Middle	2006 Subsidy	1,331,227	(6,500)	1,324,727	0.49%
11121	Henry County	G. W. Carver Elementary	2006 Subsidy	624,720	-	624,720	0.00%
11220	Halifax County	South Boston Elementary	2006 Subsidy	641,739	-	641,739	0.00%
11222	Henry County	Campbell Court Elementary	2006 Subsidy	706,533	-	706,533	0.00%
				\$ 13,543,276	\$ (3,623,476)	\$ 9,919,800	

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PROJECT REIMBURSEMENTS COMPLETED AS OF DECEMBER 31, 2006

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Funds Returned	Balance Due	Percent Drawn
10999	Franklin City	Franklin High School	1999 Subsidy	263,300	(263,300)	\$ -	\$ -	100.00%
11179	Accomack County	Nandua Middle	2005 Subsidy	793,856	(793,856)	\$ -	\$ -	100.00%
11176	Alleghany County	Falling Springs Elementary	2006 Subsidy	359,779	(359,779)	\$ -	\$ -	100.00%
11175	Alleghany County	Callaghan Elementary	2006 Subsidy	176,652	(176,652)	\$ -	\$ -	100.00%
11177	Alleghany County	Sharon Elementary	2006 Subsidy	176,652	(176,652)	\$ -	\$ -	100.00%
11200	Russell County	Lebanon Primary	2006 Subsidy	713,033	(713,033)	\$ -	\$ -	100.00%
11218	Rockingham County	Hillyard Middle	2006 Subsidy	745,557	(745,557)	\$ -	\$ -	100.00%
11219	Rockingham County	Wilbur S. Pence Middle	2006 Subsidy	739,057	(739,057)	\$ -	\$ -	100.00%
11185	New Kent County	G. W. Watkins Elementary	2006 Subsidy	159,887	(159,887)	\$ -	\$ -	100.00%
				\$ 4,127,772	(4,127,772)	\$ -	\$ -	

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